

LEGISLATURE OF NEBRASKA
NINETY-NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 366

Introduced by Nebraska Retirement Systems Committee:
Stuhr, 24, Chairperson; Erdman, 47; D. Pederson, 42;
Price, 26; Synowiecki, 7

Read first time January 11, 2005

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 23-2306,
2 84-1307, and 84-1308, Revised Statutes Supplement, 2004;
3 to change membership provisions for the state employees
4 and county employees retirement systems; to change the
5 contribution rate for the state employees retirement
6 system; to provide an operative date; and to repeal the
7 original sections.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-2306, Revised Statutes Supplement,
2 2004, is amended to read:

3 23-2306. (1) The membership of the retirement system
4 shall be composed of all persons who are or were employed by member
5 counties and who maintain an account balance with the retirement
6 system.

7 (2) The following employees of member counties are
8 authorized to participate in the retirement system: (a) All
9 permanent full-time employees ~~who have been employees for a period~~
10 ~~of twelve continuous months~~ shall begin participation in the
11 retirement system, ~~except that~~ upon employment and full-time
12 elected officials shall begin participation in the retirement
13 system on taking office, (b) all ~~full-time or~~ permanent part-time
14 employees who have attained the age of twenty ~~and have been~~
15 ~~employed for a total of twelve months within a five-year period~~ may
16 exercise the option to begin participation in the retirement
17 system, and (c) all part-time elected officials may exercise the
18 option to begin participation in the retirement system. An
19 employee who exercises the option to begin participation in the
20 retirement system shall remain in the system until termination or
21 retirement, regardless of any change of status as a permanent or
22 temporary employee.

23 (3) Within the first thirty days of employment, a
24 full-time employee may apply to the board for eligibility and
25 vesting credit for years of participation in another Nebraska
26 governmental plan, as defined by section 414(d) of the Internal
27 Revenue Code. During the years of participation in the other
28 Nebraska governmental plan, the employee must have been a full-time

1 employee, as defined in the Nebraska governmental plan in which the
2 credit was earned. The board may adopt and promulgate rules and
3 regulations governing the assessment and granting of eligibility
4 and vesting credit.

5 (4) Any employee who qualifies for membership in the
6 retirement system pursuant to this section may not be disqualified
7 from membership in the retirement system solely because such
8 employee also maintains separate employment which qualifies the
9 employee for membership in another public retirement system, nor
10 may membership in this retirement system disqualify such an
11 employee from membership in another public retirement system solely
12 by reason of separate employment which qualifies such employee for
13 membership in this retirement system.

14 (5) A full-time or part-time employee of a city, village,
15 or township who becomes a county employee pursuant to a merger of
16 services shall receive credit for his or her years of employment
17 with the city, village, or township for purposes of the membership
18 provisions of this section and shall receive eligibility and
19 vesting credit for his or her years of participation in a Nebraska
20 governmental plan, as defined by section 414(d) of the Internal
21 Revenue Code, of the city, village, or township.

22 (6) A full-time or part-time employee of a city, village,
23 fire protection district, or township who becomes a municipal
24 county employee shall receive credit for his or her years of
25 employment with the city, village, fire protection district, or
26 township for purposes of the membership provisions of this section.

27 (7) Counties shall ensure that employees authorized to
28 participate in the retirement system pursuant to this section shall

1 enroll and make required contributions to the retirement system
2 within sixty days under rules and regulations adopted and
3 promulgated by the board. Information necessary to determine
4 membership in the retirement system shall be provided by the
5 employer.

6 Sec. 2. Section 84-1307, Revised Statutes Supplement,
7 2004, is amended to read:

8 84-1307. (1) The membership of the retirement system
9 shall be composed of all persons who are or were employed by the
10 State of Nebraska and who maintain an account balance with the
11 retirement system.

12 (2) The following employees of the State of Nebraska are
13 authorized to participate in the retirement system: (a) All
14 permanent full-time employees ~~who have twelve continuous months of~~
15 ~~service~~ shall begin participation in the retirement system upon
16 employment; and (b) all ~~permanent full-time or~~ permanent part-time
17 employees, ~~who have twelve months of service within a five-year~~
18 ~~period and~~ who have attained the age of twenty, may exercise the
19 option to begin participation in the retirement system. An
20 employee who exercises the option to begin participation in the
21 retirement system pursuant to this section shall remain in the
22 retirement system until his or her termination of employment or
23 retirement, regardless of any change of status as a permanent or
24 temporary employee.

25 (3) For purposes of this section, (a) permanent full-time
26 employees includes employees of the Legislature or Legislative
27 Council who work one-half or more of the regularly scheduled hours
28 during each pay period of the legislative session and (b) permanent

1 part-time employees includes employees of the Legislature or
2 Legislative Council who work less than one-half of the regularly
3 scheduled hours during each pay period of the legislative session.

4 (4) Within the first thirty days of employment, a
5 full-time employee may apply to the board for eligibility and
6 vesting credit for years of participation in another Nebraska
7 governmental plan, as defined by section 414(d) of the Internal
8 Revenue Code. During the years of participation in the other
9 Nebraska governmental plan, the employee must have been a full-time
10 employee, as defined in the Nebraska governmental plan in which the
11 credit was earned. The board may adopt and promulgate rules and
12 regulations governing the assessment and granting of eligibility
13 and vesting credit.

14 (5) Any employee who qualifies for membership in the
15 retirement system pursuant to this section may not be disqualified
16 for membership in the retirement system solely because such
17 employee also maintains separate employment which qualifies the
18 employee for membership in another public retirement system, nor
19 may membership in this retirement system disqualify such an
20 employee from membership in another public employment system solely
21 by reason of separate employment which qualifies such employee for
22 membership in this retirement system.

23 (6) State agencies shall ensure that employees authorized
24 to participate in the retirement system pursuant to this section
25 shall enroll and make required contributions to the retirement
26 system within sixty days under rules and regulations adopted and
27 promulgated by the board. Information necessary to determine
28 membership in the retirement system shall be provided by the

1 employer.

2 Sec. 3. Section 84-1308, Revised Statutes Supplement,
3 2004, is amended to read:

4 84-1308. (1) Each employee who is a member of the
5 retirement system shall pay or have paid on his or her behalf a sum
6 equal to ~~four and thirty-three hundredths percent of his or her~~
7 ~~monthly compensation until such time as he or she has paid during~~
8 ~~any calendar year a total of eight hundred sixty-four dollars,~~
9 ~~after which time he or she shall pay a sum equal to four and~~
10 ~~eight-tenths percent of his or her monthly compensation. for the~~
11 ~~remainder of such calendar year.~~ Such amounts shall be deducted
12 monthly pursuant to subsection (2) of this section by the Director
13 of Administrative Services. All money received shall be set aside
14 by the State Treasurer and credited to the State Employees
15 Retirement Fund.

16 (2) The employer shall pick up the employee contributions
17 required by this section for all compensation paid on or after
18 January 1, 1985, and the contributions so picked up shall be
19 treated as employer contributions in determining federal tax
20 treatment under the Internal Revenue Code as defined in section
21 49-801.01, except that the employer shall continue to withhold
22 federal income taxes based upon these contributions until the
23 Internal Revenue Service or the federal courts rule that, pursuant
24 to section 414(h) of the code, these contributions shall not be
25 included as gross income of the employee until such time as they
26 are distributed or made available. The employer shall pay these
27 employee contributions from the same source of funds which is used
28 in paying earnings to the employee. The employer shall pick up

1 these contributions by a deduction through a reduction in the cash
2 compensation of the employee. Employee contributions picked up
3 shall be treated for all purposes of the State Employees Retirement
4 Act in the same manner and to the extent as employee contributions
5 made prior to the date picked up.

6 Sec. 4. This act becomes operative on January 1, 2006.

7 Sec. 5. Original sections 23-2306, 84-1307, and 84-1308,
8 Revised Statutes Supplement, 2004, are repealed.